

**EXPLANATORY MEMORANDUM TO
THE DOUBLE TAXATION RELIEF AND INTERNATIONAL TAX
ENFORCEMENT (BELGIUM) ORDER 2014**

2014 No. [XXXX]

1. This explanatory memorandum has been prepared by HM Revenue & Customs (“HMRC”) and is laid before the House of Commons by Command of Her Majesty.

2. **Purpose of the instrument**

The Order brings into effect arrangements set out in a Protocol (the “Arrangements”) made between the Governments of the United Kingdom, the Kingdom of Belgium, and its regions and communities. The Arrangements amend a Convention between the Governments of the United Kingdom and the Kingdom of Belgium for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains (“the Convention”) which is set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Belgium) Order 1987. The Convention was previously amended by arrangements scheduled to the Double Taxation Relief and International Tax Enforcement (Belgium) Order 2010.

3. **Matters of special interest to the Select Committee on Statutory Instruments**

None.

4. **Legislative context**

4.1 This Order is being made to give effect in UK legislation to the Arrangements. The Arrangements are scheduled to the Order, and are thus given domestic legislative effect.

4.2 This Order does not implement EU legislation.

5. **Territorial extent and application**

This Order applies to all of the United Kingdom.

6. **European Convention on Human Rights**

The Exchequer Secretary to the Treasury, David Gauke, has made the following statement regarding human rights:

“In my view the provisions of the Double Taxation Relief and International Tax Enforcement (Belgium) Order 2014 are compatible with the Convention rights”.

7. Policy background

- ***What is being done and why***

The Arrangements make amendments to the Convention to acknowledge the regions and communities of Belgium. The amendments make it clear that the term “competent authority” includes not only the Minister of Finance of the federal Government, but also those of the Regions and Communities, or their authorised representatives.

- ***Consolidation***

Not applicable.

8. Consultation outcome

HMRC regularly consults with external interested parties, including business representatives, about the effectiveness of existing arrangements for the avoidance of double taxation and fiscal evasion as well as new needs. The annual treaty negotiating programme is agreed with Ministers and published on the HMRC website.

9. Guidance

General guidance on the operation of the UK’s double taxation conventions can be found on the HMRC web site at:

<http://www.hmrc.gov.uk/manuals/intmanual/INTM150000.htm>

or in the Double Taxation Relief Manual at:

<http://www.hmrc.gov.uk/manuals/dtmanual/index.htm>

This manual will be updated once the Arrangements enter into force.

10. Impact

10.1 The impact on business, charities or voluntary bodies is negligible. The Arrangements do not introduce new tax burdens; rather, they provide relief from tax and thus are of benefit to business both large and small. Taxpayers may have to make a claim to HMRC or the other country’s fiscal authority in order to benefit from the Arrangements.

10.2 There is no impact on the UK public sector. HMRC already operates the terms of many other similar arrangements currently in force.

10.3 A Tax Information and Impact Note has not been prepared for this Order as it gives effect to a previously announced policy to enact a double taxation agreement.

11. Regulating small business

The Arrangements only apply to small businesses if they have taxed income arising in Belgium and it is unlikely that there are many such businesses. No special approach for small business is therefore necessary.

12 Monitoring & review

Both Governments will keep the Arrangements scheduled to the Order under review to ensure that they meet the policy objectives set out above in section 7.

13. Contact

Lee Harley at HM Revenue & Customs (tel: 03000 585755/email: lee.harley@hmrc.gsi.gov.uk) can answer any queries regarding the Order.